

BUDGET ESTIMATE FOR  
CALENDAR YEAR 2009

504 2009 45 3 0101  
ID TYPE CO TYPE KEY

D E P T : 222-GENERAL SERVICES  
F U N D : 232-MOTOR VEHICLE HWHY  
C I T Y : GARY

F U N D: 232-MOTOR VEHICLE HWHY		2009	2009	2009
C I T Y: GARY		PROPOSED	BUDGET	COUNCIL
		BUDGET	TOTAL	APPROVED
		ITEMS	ESTIMATE	
1. PERSONAL SERVICES				
Salaries and Wages				
111	FULL-TIME SALARIES & WAGES	\$810,539		
112	PART-TIME SALARIES & WAGES			
Employee Benefits				
113	OTHER COMPENSATION	30,000		
114	LONGEVITY PAY			
115	OVERTIME PAY	56,495		
141	CLOTHING ALLOWANCE	0		
153	TEAMSTERS	290,160		
154	INSURANCE			
161	P E R F	48,632		
162	F I C A	62,006		
171	WORKMEN'S COMPENSATION	32,422		
172	UNEMPLOYMENT COMPENSATION	40,527		
Other Personal Services				
151	INSURANCE - CITY PLAN			
152	INSURANCE - HMO			
TOTALS - PERSONAL SERVICES		1,370,781	\$1,370,781	
2. SUPPLIES				
Office Supplies				
211	OFFICE SUPPLIES			
Operating Supplies				
221	HEATING FUEL			
222	GASOLINE			
223	GARAGE & MOTOR SUPPLIES			
224	CHEMICAL SUPPLIES			
225	MEDICAL SUPPLIES			
226	OTHER SUPPLIES			
Repair and Maintenance Supplies				
231	BUILDING MATERIALS		152,517	
232	STREET & SEWER MATERIALS			
233	REPAIR PARTS			
Other Supplies				
291	OTHER MATERIALS			
TOTALS - SUPPLIES		152,517	\$152,517	
3. OTHER SERVICES & CHARGES				
Professional Services				
311	PROFESSIONAL SERVICES	\$8,000		
Communication and Transportation				
321	TRAVEL & EDUCATION			
322	TELEPHONE & POSTAGE			
Printing and Advertising				
331	PRINTING			
332	ADVERTISING			
Insurance				
341	PROPERTY INSURANCE			
Utilities				
351	LIGHT, POWER, HEAT			
352	WATER (except hydrant rental)			
353	SEWER			
Repairs and Maintenance				
361	CONTRACTUAL MAINTENANCE AGREEMENT	49,468		
362	REPAIRS TO EQUIPMENT	0		
363	REPAIRS TO BUILDING			
Rentals				
371	HYDRANT RENTAL			
372	LEASES (does not incl. lease/purchase)			
Debt Service				
381	DEBT SERVICE, PRINCIPAL			
382	DEBT SERVICE - INTEREST			
Other Services and Charges				
391	REFUNDS, AWARDS & INDEMNITIES			
392	SUBSCRIPTIONS & DUES			
393	CURRENT CHARGES			
394	GRANTS & SUBSIDIES			
395	BOND PREMIUM			
TOTALS - OTHER SERVICES & CHARGES		57,468	\$57,468	
4. CAPITAL EXPENSES				
Other Capital Outlays				
411	LAND			
421	BUILDING			
431	OTHER BUILDING IMPROVEMENTS			
441	MACHINERY & EQUIP. (incl. lease/purchase)			
491	OTHER CAPITAL OUTLAYS			
TOTALS - CAPITAL EXPENSES				
GRAND TOTALS		1,580,766	\$1,580,766	

CITY OF GARY, INDIANA  
presentation for Relief  
to the

DISTRESS UNIT APPEAL  
BOARD

December 2008

Honorable Rudolph Clay, Mayor

# CITY OF GARY AGENDA

- INTRODUCTION
- RECENT FINANCIAL SITUATIONS
- HB1001 – 2009 and 2010 STATE MANDATED BUDGETS AND ITS EFFECTS
- PROPOSED BUDGETS 2009-2012 AND ITS EFFECTS
- EXCESS LEVY APPEAL
- SUMMARY
- CONCLUSION

# INTRODUCTION

- The City of Gary, Indiana is seeking assistance from the Distressed Unit Appeal Board pursuant to I.C. 6-1.1-20.3-6 *et. seq.* Relief from the application of the credit against tax liability established under I.C. 6-1.1-20.6 and as also set forth in H.B. 1001 is sought in order to ensure the continuation of, as far as possible, basic services to the citizens of Gary.
- Under the provisions of I.C. 6-1.1-20.6, the City of Gary would be required to reduce its tax levy in the amount of \$36 million in 2009 and \$45 million in 2010. According to the analysis performed by Policy Analytics for Lake County, these amounts would be reduced to \$32 million and \$36 million respectively. Using these figures, the City would have to reduce its budget by nearly 55% from its 2007 level.



# INTRODUCTION, cont'd

- If required to make this cut, the city would have to shut down most operations and would be unable to adequately provide public safety protection. Over eight hundred employee positions, 59% of the city's workforce, would be laid off, causing the highest levels of unemployment in the city since USX had its massive layoffs in the late 1970's and early 1980's. Included in this layoff number would be over 250 policemen and firemen.
- Therefore, the City seeks legislative relief from the onerous provisions of I.C. 6-1.1-20-6. In order to comply with the requirements of this law as they are currently promulgated, however, the City hereby provides the Distressed Unit Appeal Board with the financial plan covering a 4 year period as a phase-in of the tax caps established in the law.
- This plan is submitted with the understanding that as long as the entirety of these cuts is required, whether in 2009-2012, the City of Gary faces fiscal devastation that will affect not only its residents, but the surrounding communities and the state as well.

# Gary Facts

- Gary has a population of 97,715 according to 2006 Census estimates.
- It covers 50 square miles. There are 2,045 persons per square mile.
- Gary's median income is \$26,725 as of 2007.
- Gary is served by 13 fire stations, one central public safety facility and three police substations.
- Gary Civil City budget has 1,350 positions, of which 277 are police officers and 279 are firefighters.
- In the past, Gary has unfortunately been labeled the nation's "Murder Capital"; this year, Gary has been designated the nation's 7<sup>th</sup> most dangerous city.
- There are over 4,000 abandoned structures in the City of Gary. Such eyesores are prime locations for fires and vandalism.



# RECENT FINANCIAL SITUATIONS

- **2004-Budget Reduction of \$13M**
  - resulted in lay off 140 employees
- **2007-Budget Reductions of \$11M**
  - Of this amount, over \$3M was reduced from open positions and public safety overtime; civilian employees agreed to resume payment of the employee's share of PERF.
  - Operating Costs were reduced by cutting travel, supplies, professional services, and contract by nearly 50%. Cell phone expenses were reduced by nearly \$20,000 per month, gasoline usage reduced by \$150,000, and grants and subsidies .
- **2008-Budget Reduction of \$12.5M**
  - The city reduced civilian employees workweek by 20% for 4 months, and made additional reductions of 50% to already reduced budget line items.
  - A total of 23 Police and Fire personnel were laid off for 30 days. Revenues of \$4.4M were appropriated from Casino Funds as Misc. Rev to the Gen Fund to achieve the required \$12.5M reduction.

# Is Gary Distressed?

- Gary has cut its budgets, but is it distressed?
- According to I.C. 6-1.1-20.3-2, a city is distressed if property tax collections will be reduced by at least five percent (5%) in a calendar year as a result of the application of the credit.



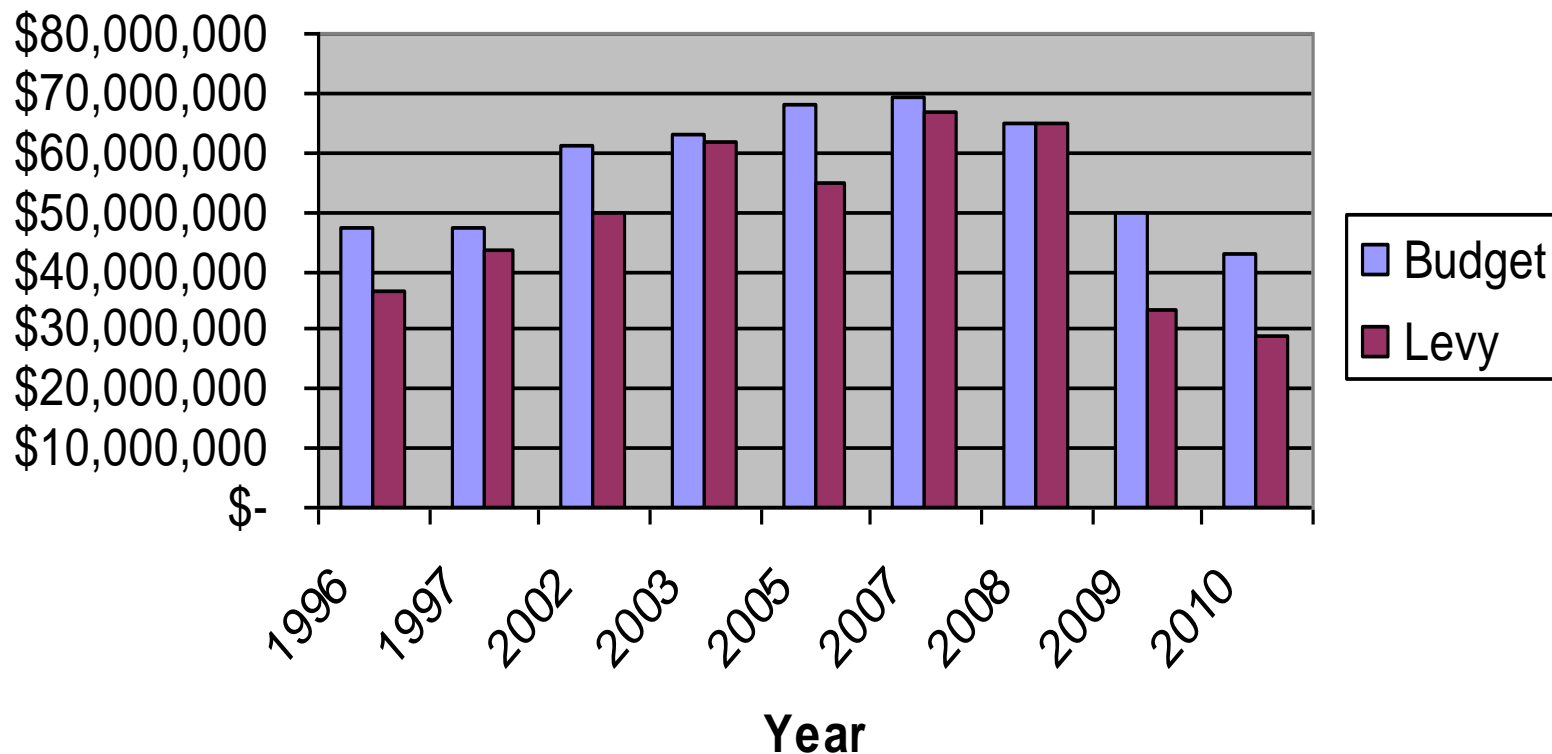
# IC 6-1.1-20.6– STATE MANDATED BUDGET

- GARY MEETS THE “DISTRESSED TEST”:
  
- 2009 LEVY REDUCTION (Policy Analytics)
  - Gary Civil City
    - 2009 Levy Reduction- \$30,305,930
      - This represents a 48% reduction from the 2007 levy of \$62,591,178
    - 2010 Levy Reduction - \$36,337,798
      - This represents a 58% reduction from the 2007 levy of \$62,591,178

These reductions represented a pre-1996 Budget

# 2009-2010 Reductions as Mandated by IC 6-1.1-20.6 GENERAL FUND

## 2 YEAR REDUCTION PERIOD



# CONSEQUENCES OF IMMEDIATE IMPLEMENTATION OF I.C.6-1.1-20.6

- Several services that are essential to the Health and Welfare of the City of Gary will have to be transferred from the City to some other entity legally responsible for offering those services. In the case of the City of Gary, this will be the County.
- As the County is responsible for reducing its budget, also, pursuant to HB1001, they would have to have the resources budget and available to service the population of Gary and the other areas that Gary now services.
- It is our understanding that the County, as in the case of Gary, will not be able to increase its levy or receive additional funds to assume these services from Gary. **The question is today- How will the services be provided?**
- If HB1001 were to take full-effect at the mandated level, January 1, 2009, Gary WILL BE WITHOUT these essential services. The City would be grossly unprotected from crime and health hazards. This will cause mass chaos and crippling effects throughout the city, county, and even at the state levels; which are all responsible for the welfare of the City and its citizens through the laws that are enacted and implemented by its legislators and officials.



# CONSEQUENCES OF IMMEDIATE IMPLEMENTATION OF HB1001

- This plan consist of the following reductions:
  - Reduce Police staff by 71 in 2009 and by 56 in 2010
  - Reduce Fire staff by 74 in 2009 and 54 in 2010
  - Eliminating 21 of 31 departments in the General Fund by 2010
  - Reducing Civil City Employee positions from 1356 to 559 by 2010;a 59% reduction in 2 years
  - Transferring to the County, Jail Services, Dispatch Services, City Court Services, Health Dept., and Civil Defense,
  - Outsourcing Sanitation and Vehicle Maintenance
  - Consolidation of Planning and Building departments ;MIS, Finance, and HR departments; Chief of Staff and Mayor's Department; General Services and Demolition Departments; Certain Environmental Affairs Services with Gary Sanitary District;
  - Closing 6 of 12 Park Pavilions, and Operating 2 of 8 swimming areas in 2009; operating Genesis Center primarily from its Enterprise Fund
  - Leasing out the Park Dept and Genesis Center in 2010



# CITY OF GARY FINANCIAL LEVY REDUCTION PLAN 2009-2012

- **OBJECTIVE:** According to IC 6-1.1-20.6, and as required to petition to DUAB, reduce Civil City property tax levy by \$36M between 2009-2012, at a phase-in rate, while maintaining maximum efficiency allowable in public service from reduced levels of property tax revenues; until legislative relief is enacted.

# CITY OF GARY

## 2009-2012 BUDGET PROPOSAL

- BUDGET REDUCTION CONSIDERATIONS:
  - High Priority on public safety staffing
  - Services that other units of government also offer
  - Services the City of Gary is required to offer the community under law
  - Services that can be consolidated
  - Services that can be outsourced at cost representing a reduction from current spending levels
  - Services that could be offered for a reasonable fee to the public

# YEAR 2009

- **PERSONNEL:** Reduce workforce by 292 positions through the following means
  - Consolidate Health and Community Services Departments
  - Consolidate Public Information and Chief of Staff Departments
  - Outsource Sanitation Services
  - Transfer City Jail Services to the County
  - Transfer employees to Grant, where allowable
  - Transfer majority of street dept. employees from Gen Fund to Motor Vehicle HWY
  - Down-sized staff in several other departments of tax-based funds
  - Close 6 Park Pavilions



# YEAR 2009

## PERSONNEL, continued

- Close 6 of 8 Pools for summer usage, reducing summer Park part-time staff significantly
- Reorganize insurance plan to reduce percentage of employer's portion and increase funds available to cover self-insurance medical claims
- Negotiating with Fire Department Union to reduce clothing allowance, change sick leave requirements, change holiday compensation.
- Negotiating with Teamsters to remove payouts of sick days upon termination
- Negotiating with Police and Fire to pay 100% of medical insurance employee premiums (same as civilian), instead of 25% of medical insurance employee premiums



# YEAR 2009, Continued

## ■ OPERATIONS:

- Participation in Fuel Hedging program co-authored by Crowe Chizek (IACT) and funded through Indiana Bond Bank. Allows 1st and 2nd class cities to lock in gasoline prices, which helps to reduce risk from escalating gasoline prices. Estimated savings \$300,000 per year.
- Work with Indiana American Water to identify meters no longer needed, or meters that can be down-sized to reduce water bills.
- Exploring new vendor to lock in natural gas prices at a rate lower than current provider for NIPSCO

# YEAR 2009, Continued

## ■ OPERATIONS, continued

- Work with Crystal Clean to purchase used oil from oil changes provided by Vehicle Maintenance
- Transfer the payment of \$1.1M in Water Hydrant Fees to the community
- Negotiated a better Cell Phone plan resulting in approx. \$20,000 savings per month

# Year 2009, Continued

## ■ REVENUES:

- Increase fees for City Services in most departments
- GSD established a Garbage Collection Fee in conjunction with outsourcing saving approx. \$3.3M to the City
- Selected a new EMS Billing Service (that has currently increased collections) to assist in financially retaining EMS
- Working (in 2009) with USX Public Safety Director to engage their grant writer to write grants effective for 2010 City of Gary Public Safety overtime and equipment.
- Advertise new rates for licenses and permits- December 2008; send follow-up letter to businesses operating without business licenses by January 31 2009 to increase revenues for licenses and permits.



# Revenues Continued:

- Additional funds must be devoted to economic development. National expertise must be acquired to assist in economic development efforts in order to increase the city's tax base.
- By increasing and targeting economic development efforts, new revenues will be in the pipeline by the time the tax caps fully take effect.



# YEAR 2010

- **PERSONNEL:** Reduce workforce by 91 positions through the following means:
  - Consolidated the Building and Planning Departments
  - Eliminated the Civil Defense Department
  - Dissolve Labor Relations Department, transfer Health Dept. Health services to County; maintain Community Services
  - Consolidated General Services and Demolition Services

# YEAR 2010

## ■ OPERATIONS:

- Adjust costs that should be charged to other funds that have been traditionally charged to the General Fund
- Move Health Community Services to City Hall, reducing utilities, and lease payments
- Negotiate with Police to reduce clothing allowances, 90-day severance pay outs for retirees, and other costly compensation.
- Eliminate Grants and Subsidies from the tax-based funds, except for Grant matches.

# YEAR 2010, CONTINUED

## ■ REVENUES:

- Realize grant revenue for City of Gary Public Safety overtime and equipment as a collaborative effort between USX and City of Gary.
- Incorporate more effective procedures for licenses renewal and inspections, to encourage more business owners to purchase and renew their licenses and permits
- Incorporating other revenue generating mechanisms for EMS, such as transport services, and accurate and timely filing of reports transport services.



# YEAR 2011

- **PERSONNEL: Reduced workforce by 147 positions by the following means:**
  - Eliminate MIS Department; place Director on Contract
  - Eliminate Zoning Manager position; combine Building Commissioner position to Building and Zoning Commissioner
  - Eliminate Environmental Affairs Department
  - Eliminate all Maintenance II and Park Maintenance positions. Contract out services.
  - Eliminate 35 patrolmen positions
  - Eliminate 28 Communication Operator positions, and transfer dispatch to County.
  - Eliminate 34 Firefighter positions
  - Outsource Vehicle Maintenance
  - Various other departmental positions eliminated

# YEAR 2011, CONTINUED

## ■ OPERATIONS:

- Reduce Salary related benefits from eliminated positions
- Reduce cost of repair parts and repairs to equipment
- Reduce interest related to TAW
- Reduce insurance cost in premiums and claims

## ■ REVENUES:

- Reductions in outstanding loans, thereby reducing revenues needed to off set this expense

# YEAR 2012

## ■ PERSONNEL

- Eliminated 102 positions
- Consolidate City Operations Department with the Mayor's Dept.; Consolidated Finance and Human Resources Depts.; Lease out the Park Dept. and Genesis Center

## ■ OPERATIONS

- Reduced cost of leasing copiers, printers, etc. as a result of staff reductions in 2010-2011

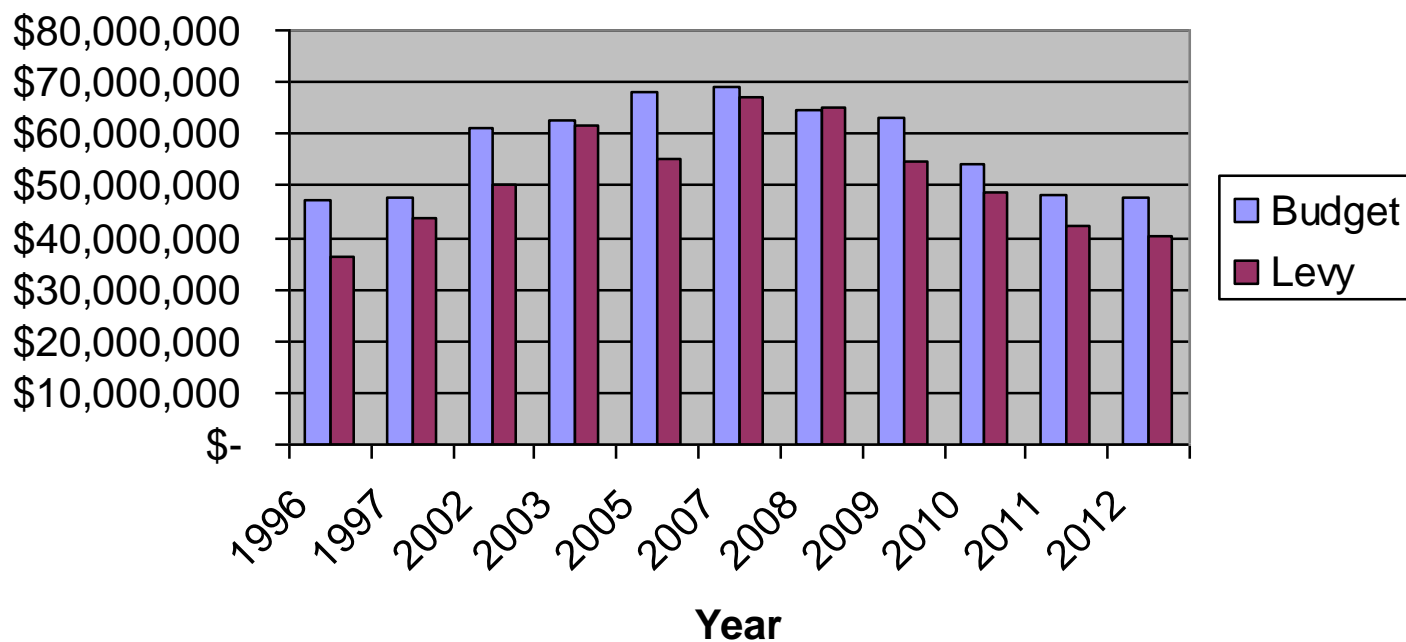
## ■ REVENUES:

- Increased revenues from additional Grants
- Assumes passage of 1% option income tax, or some other local tax, or some other legislative actions to increase revenue
- Sale of lots and vacant land



# BUDGET AND LEVY COMPARISON

**Budget to Levy Comparison  
for 4 Year Period**



# SUMMARY

- **What are some costs that drive growth in City of Gary Property Tax Levy?**
  - Increases in utilities, gasoline, interest on TAW's due to delayed distributions, property insurance premiums
  - Increases in medical insurance premiums, annual increases in PERF rates, Public Safety contract compensation, cost of living increases
  - City of Gary employees have not received a cost of living increase since 2005, and are not projected to received an increase through 2012. This means there will be 7 years consecutively of no cost of living increases, while actual cost of living increases at a phenomenal rate (groceries, sales taxes, utilities, etc)

# SUMMARY

- How did we get here?

## CITY OF GARY ASSUMPTIONS

Shift in property tax payment responsibility  
from large industry

- Protection on maximum taxes payable for personal property-HB1858
- Elimination of Inventory Taxes
- Huge Discrepancies (Over \$350M) between Local Assessment and State Assessment of Real Property for USX; similar instances for other industry
- Property Tax Caps

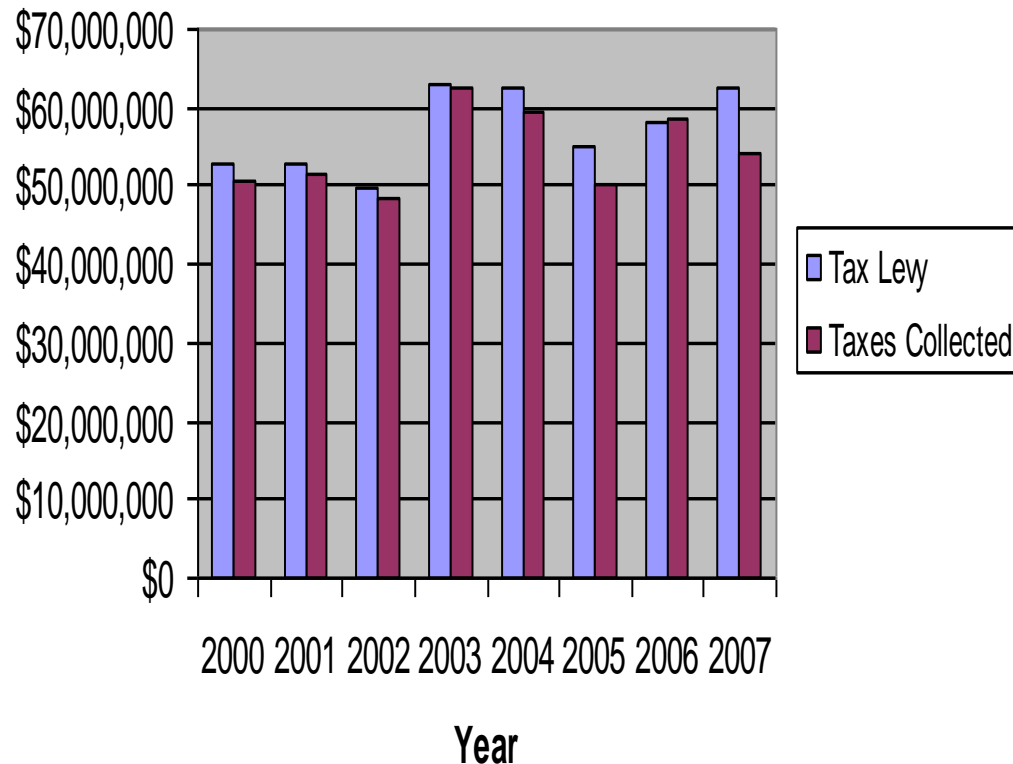


# 2007 DELAYED PROPERTY TAX DISTRIBUTIONS COST CITY OF GARY AN ADDITIONAL \$637,000

FUND	AMT OF FIRST TAW	INTEREST AMT IF PAID BY JUNE 29TH	AMT OFSECO ND TAW	INTEREST AMT IF PAID BY DEC. 31st	TOTAL AMT OF TAW'S	TOTAL INTEREST DUE IF PAID BY DUE DATE	ACTUAL INTEREST PAID IN 2007
GENERAL	\$ 26,742,793.00	\$ 601,734.82	\$26,742,793.00	\$ 615,377.31	\$53,485,586.00	\$ 1,217,112.13	\$ 1,765,310.92
PARKS	\$ 786,729.00	\$ 17,702.05	\$ 786,729.00	\$ 18,103.39	\$ 1,573,458.00	\$ 35,805.44	\$ 51,854.12
GENESIS CTR	\$ 741,114.00	\$ 16,675.67	\$ 741,114.00	\$ 17,053.74	\$ 1,482,228.00	\$ 33,729.42	\$ 48,840.04
FIRE PENSION	\$ 1,523,102.00	\$ 34,271.05			\$ 1,523,102.00	\$ 34,271.05	\$ 68,183.74
POLICE PENSION	\$ 1,443,807.00	\$ 32,486.84	\$ 500,000.00	\$ 11,505.48	\$ 1,943,807.00	\$ 43,992.32	\$ 67,771.62
<b>TOTALS</b>	<b>\$ 31,237,545.00</b>	<b>\$ 702,870.44</b>	<b>\$28,770,636.00</b>	<b>\$ 662,039.92</b>	<b>\$60,008,181.00</b>	<b>\$ 1,364,910.36</b>	<b>\$ 2,001,960.44</b>

# LEVY COLLECTIONS COMPARISON

## GENERAL FUND



	Tax Levy	Taxes Collected	Difference
2000	\$52,684,025	\$50,762,972	(\$1,921,053)
2001	\$52,688,127	\$51,502,880	(\$1,185,247)
2002	\$49,950,375	\$48,440,951	(\$1,509,424)
2003	\$62,751,513	\$62,493,804	(\$257,709)
2004	\$62,701,809	\$59,620,883	(\$3,080,926)
2005	\$55,082,247	\$50,049,194	(\$5,033,053)
2006	\$58,078,229	\$58,590,198	\$511,969
2007	\$62,591,178	\$54,101,081	(\$8,490,097)
TOTAL UNCOLLECTED TAXES			\$ (20,965,540)

# SUMMARY

- **Inability to generate additional revenues**
  - Decline in businesses in urban areas, and difficulty in attracting new businesses
  - Elimination of PTRC (approximately 12% of property tax levy)
  - Inability to establish Local Option Income Tax (some members of County Council refuse to vote for tax)
  - Slow collections for fees charged and uncollectible receivables



# SUMMARY

- **How Can DUAB Help?**

- Increase Circuit Breaker Caps for City of Gary  
**(Policy Analytics Model)**
- Assist in finding a alternate revenues to substitute for PTRC elimination representing approximately 12% of the property tax levy

# EXCESS LEVY APPEAL

## Cender and Co.

- In 2007, the City experienced an \$8.4M property tax shortfall, due to erroneous assessed values.
- The City submitted an excess levy appeal to the DLGF for a one time levy increase from an eligible amount of \$4.4M
- If the excess levy is approved by the DLGF, the City request the DUAB to increase property tax caps in 2009, in order to allow recovery of the eligible shortfall amount

# CONCLUSION

- The City of Gary has attempted to present a plan that complies with the requirements of the law. It is our best effort at re-structuring city government with a focus toward consolidation and economies of service, and elimination of excessive spending while preserving essential services.
- Alas, the plan spells doom, to Gary residents. Most will not be able to understand why firemen will be slow to respond to fires, or why their calls for police help are delayed or go unanswered.
- Most will be unable to understand why the emergency services department took longer than usual to respond to a medical emergency.



# CONCLUSION, cont'd

- Most will be unable to understand why that pothole took so long to be fixed or why it is still there after six months.
- Need to go to the Health Dept? Sorry. Our department is closed and our bus system that could have gotten you to the county-just shut down, too.
- The City requests that the Distressed Unit Appeal Board do just what it was established to do-provide relief. We ask for that relief sooner, rather than later.

■ ANY QUESTIONS?

0180	2009-2012	45		314
ID	YEAR	CO	TYPE	FUND

BUDGET ESTIMATE - FINANCIAL STATEMENT - PROPOSED TAX RATE

TAXING UNIT	CITY OF GARY	COUNTY	LAKE
FUND	DEBT SERVICE	2009 NET ASSESSED VALUATION	\$2,209,973,490
		2010 NET ASSESSED VALUATION	\$2,311,295,570
		2011 NET ASSESSED VALUATION	\$2,417,566,801
		2012 NET ASSESSED VALUATION	\$2,529,066,529

(This form is to be prepared for each fund that requires either a tax rate or an appropriation)  
(NOT TO BE PUBLISHED)

FUNDS REQUIRED FOR EXPENSES TO DECEMBER 31st OF INCOMING YEAR:	2009	2010	2011	2012
1. Total budget estimate for incoming year	855,812	879,212	880,112	883,297
2. Necessary expenditures, July 1 to December 31 of present year, to be made from appropriation unexpended	125,829	101,756	87,956	72,656
3. Additional appropriation necessary to be made July 1 to December 31 of present year	-	-	-	-
4. Outstanding temporary loans				
a. To be paid not included in lines 2 or 3	-	-	-	-
b. Not repaid by December 31 of present year	-	-	-	-
5. Total funds required (add lines 1, 2, 3, 4a and 4b)	981,641	980,968	968,068	955,953
FUNDS ON HAND TO BE RECEIVED FROM SOURCES OTHER THAN PROPOSED TAX LEVY:				
6. Actual cash balance, June 30 of present year (including cash investments)	-	-	-	-
7. Taxes to be collected, present year	850,286	855,884	855,884	855,884
8. Miscellaneous revenue to be received July 1 of present year to December 31 of incoming year	-	-	-	-
(Schedule on File):				
a. Total Column A Budget Form 2	23,000	23,000	23,000	23,000
b. Total Column B Budget Form 2	23,000	23,000	23,000	23,000
9. TOTAL FUNDS (add lines 6, 7, 8a and 8b)	896,286	901,884	901,884	901,884
10. Net amount to be raised for expenses to December 31 of incoming year (deduct line 9 from line 8)	85,355	79,084	66,184	54,069
11. Operating balance (not in excess of expense January 1 to June 30, less miscellaneous revenue for same period)	791,256	807,456	827,156	850,641
12. Amount to be raised by tax levy (add lines 10 and 11)	876,611	886,540	893,340	904,710
13. Property Tax Replacement Credit from Local Option Tax	-	-	-	-
14. NET AMOUNT TO BE RAISED BY TAX LEVY (deduct line 13 from line 12)	876,611	886,540	893,340	904,710
15. Levy Excess Fund applied to current budget	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXX
16. Net amount to be raised	876,611	886,540	893,340	904,710
17. Net Tax Rate on each one hundred dollars of taxable property	0.0397	0.0384	0.0370	0.0358



**CITY OF GARY  
AND INCLUDED TAXING UNITS**

**Distressed Unit Appeals Filing  
Financial Plan  
December 5, 2008**

The financial plan for the Distressed Unit Filing pursuant to I.C. 6-1.1-20.3-7 includes the following taxing units: City of Gary, Gary Chicago International Airport Authority, Gary Public Transportation Corporation, Gary Sanitary District and Gary Storm Water Management District (the "Petitioners") and ("Taxing Units").

**OVERVIEW**

The Circuit Breaker credits for the Gary Taxing Units are as follows for 2009 and 2010 (Exhibit A):

	<u>2009</u>	<u>2010</u>
City of Gary	\$30,305,930	\$36,337,798
Gary Chicago International Airport	781,932	936,437
Gary Public Transportation Corp.	1,204,136	1,444,463
Gary Sanitary District	3,815,622	4,584,600
Gary Storm Water Management District	<u>519,945</u>	<u>623,028</u>
Totals	<u>\$36,627,565</u>	<u>\$43,926,326</u>

Source: Circuit Breaker Distribution by Fund – Policy Analytics, LLC

The Petitioners have determined that due to the significant large amount of Circuit Breaker credits beginning in 2009, that they cannot provide the necessary governmental services if all of the credits are effective at once. The Petitioners are requesting a phase in of the Circuit Breaker credits over a four (4) year period for 2009 through 2012. Some of the Taxing Units are phasing in the Circuit Breaker Credits by 25% for each of the four (4) year period of 2009 through 2012. Several of the Taxing Units have used a different percentage to phase in as outlined in the Summary of Form 4Bs that are attached.

The Schedule of Estimated Impact on Raising the Circuit Breaker Caps as prepared by Policy Analytics, LLC presents the impact for 2009 and 2010 as proposed in the Taxing Units' financial plan included herein.

**CITY OF GARY**

See the attached City of Gary Proposed Levy Reductions, Exhibit B presents the proposed levy reductions to the City of Gary's General, Genesis and Parks Funds for 2009 through 2012. The City of Gary is proposing to reduce its property tax levies by \$36,369,295 for the periods 2009 through 2012 whereas the Schedule of Estimated Circuit Breaker Caps before Granting Any Relief shows estimated reductions in the amount of \$36,337,798 as the estimated maximum amount of levy reductions.

The attached PowerPoint presentation entitled "City of Gary, Indiana Presentation for Relief to the Distressed Unit Appeals Board December 2008" and petition narrative presents the details of the City of Gary's financial plan to reduce its budgets and levies during 2009 through 2012. Due to the estimated significant amount of the proposed budget and levy reductions, the City of Gary is requesting the four-year period of 2009 through 2012 in order to make necessary budget reductions so that it can still provide some basic minimum public safety and other services to its citizens and respectfully requests the tax caps be raised during those years in order to fund operations according to the financial plan.

#### **GARY CHICAGO INTERNATIONAL AIRPORT AUTHORITY**

The Gary Chicago International Airport Authority (the "Authority") plans to phase in its Circuit Breaker credits over 2009 through 2012 through reductions in its staffing levels. The 25% levy reductions per year amounting to approximately \$202,707 (as used in the Form 4B summaries) will have the estimated effect of reducing the Authority's estimated budget by approximately \$90,301 in 2009, \$202,704 in 2010 and increasing its estimated budget by \$61,818 in 2011 and \$49,440 in 2012 as a result of increases in other revenues. The Authority has raised T-Hangar rent at 3% for the next 4 years, landing fees \$.10 for 2009, fuel flowage fees at \$.02 per gallon and parking revenue for charter flights.

The Authority is seeking to replace its estimated property tax revenue reduction with revenues from the Chicago Compact. It is uncertain at this time whether the Chicago Compact will allow the Authority to use the Compact revenues to pay for salaries and wages.

#### **GARY PUBLIC TRANSPORTATION CORPORATION**

The Gary Public Transportation Corporation (the "GPTC") plans to phase in its Circuit Breaker credits over 2009 through 2012 through reductions in its salaries and wages budget which is approximately 45% of its pre-2009 reduction salaries and wages total. The 25% levy reductions per year amounting to approximately \$363,914 (as used in the Form 4B summaries) will have the estimated effect of reducing GPTC's estimated budget by \$363,914 in 2010, \$363,914 in 2011 and \$363,914 in 2012.

GPTC is receiving revenue from the Regional Bus Authority (the "RBA") to assist in funding its operations as a result of the property tax reductions due to the estimated property tax caps. If revenue assistance from RBA can continue beyond 2009, then the salary reductions may not be as much as projected in the Form 1 and 4Bs. It is unknown at this time the amount of the RBA revenues that will be received beyond 2009.

#### **GARY SANITARY DISTRICT**

The Gary Sanitary District (the "GSD") plans to phase in its Circuit Breaker credits over 2009 through 2012 through reductions in the amount of sewer collection system repairs presently funded out of its Sewer Operating Fund and reductions in its Solid Waste Fund to pay for the cost of garbage collection and disposal. The 25% levy reductions per year amounting to approximately \$584,283 and \$574,973 for its Sewer Operating and Solid Waste Funds (as used in the Form 4B summaries) will have the estimated effect of reducing the GSD's estimated budget for Sewer Operating by \$415,717 in 2010, \$2,000,000 in 2011 and \$575,000 in 2012 and for Solid Waste Fund by \$775,027 in 2010, \$-0- in 2011 and \$-0- in 2012. The Solid Waste Fund budget

increases in 2011 and 2012 to pay for increased costs of garbage collection and disposal will be covered through increased garbage fees.

The estimated reductions to the Sewer Operating Fund for making sewer collections system repairs to collapsed sewer lines and mains will need to be funded out of its Operating Fund, a user charge fund. This transfer of sewer system repairs to the Operating Fund may require GSD to increase sewer user charge fees sooner than anticipated.

The estimated property tax levy reductions to the Solid Waste Fund will be covered through increases in the GSD's garbage fees. GSD has implemented a garbage fee of \$7 for senior and disabled citizens and \$10 for all other residential users per month effective on January 1, 2009. As increases occur in GSD's contract services with its provider, the garbage fees will need to increase. The contract provider began picking up the City of Gary's garbage in November 2008. Prior to November 2008, the City of Gary's Sanitation Department was responsible for picking up the garbage and GSD's Solid Waste paid for the landfill fees and Sanitation Department's salaries and wages.

#### **GARY STORM WATER MANAGEMENT DISTRICT**

The Gary Storm Water Management District (the "GSWMD") plans to phase in its Circuit Breaker credits over 2009 through 2012 through implementing a storm water user fee. The 25% levy reductions per year amounting to approximately \$157,058 (as used in the Form 4B summaries) will have the estimated effect of reducing the GSWMD's estimated budget by \$250,000 in 2010.

GSWMD plans to implement a storm water user fee in 2011 in order to fund its Storm Water operations. If GSWMD doesn't implement a storm water user fee or find other replacement revenues, it will not be able to implement its MS4 program and maintain its storm water system.

#### **EXCESS LEVY APPEALS FOR 2009 BUDGETS AND LEVIES**

The City of Gary, Gary Chicago International Airport Authority, Gary Sanitary District and Gary Storm Water Management District experienced significant property tax collection shortfalls in 2007 due to erroneous assessed values and the amounts eligible for excess levy appeal in 2009 as follows:

	2007 Property Tax <u>Shortfall</u>	Eligible Amount For <u>Appeal</u>
City of Gary	\$8,385,652	\$4,391,231
Gary Chicago Int'l Airport	201,702	92,926
Gary Sanitary District	1,191,715	526,887
Gary Storm Water Management District	156,397	72,053

(See attached Exhibit C - Shortfall Appeal Calculations from 2007)



Originally the above taxing units filed Excess Levy Appeals with the Department of Local Government Finance ("DLGF") on April 1, 2008, pursuant HEA 1125 but the appeals were denied by the Local Government Tax Control Board since the above taxing units had not included the excess levy appeal amounts in its 2008 budget advertisements. The above taxing units have re-filed the excess levy appeals with the Local Government Tax Control Board on November 19, 2008 for the 2009 budget year. The taxing units have included the excess levy appeal amounts in the 2009 budget advertisements (Form 3). The Summary of Forms 4Bs for the affected taxing units presents the levy and tax rate impact of including the excess levy appeal amounts in the levies.

City of Gary, Gary Chicago International Airport Authority, Gary Sanitary District and Gary Storm Water Management District is requesting that the Distressed Unit Appeals Board grant these excess levy appeals as a one-time appeal adjustment to the 2009 levies and allow an increase in the property tax caps in order for these taxing units to collect these amounts. If the property tax caps are not increased for the excess levy appeal amounts then there is no ability for these taxing units to recapture the lost property taxes due to the shortfall in 2007.

These taxing units desire these excess levy appeal amounts so that they can increase their cash balances which were reduced significantly in 2007 due to the property tax collection shortfalls from erroneous assessed values.

# **CITY OF GARY DISTRESSED UNIT APPEAL BOARD PETITION NARRATIVE**

## **Introduction**

The City of Gary, Indiana is seeking assistance from the Distressed Unit Appeal Board pursuant to I.C. 6-1.1-20.3-6 *et. seq.* Relief from the application of the credit against tax liability established under I.C. 6-1.1-20.6 and as also set forth in H.B. 1001 is sought in order to ensure the continuation of, as far as possible, basic services to the citizens of Gary.

Under the provisions of I.C. 6-1.1-20.6, the City of Gary would be required to reduce its tax levy in the amount of \$36 million in 2009 and \$45 million in 2010. According to the analysis performed by Policy Analytics for Lake County, these amounts would be reduced to \$32 million and \$36 million respectively. Using these figures, the City would have to reduce its budget by nearly 55% from its 2007 level. If required to make this cut, the city would have to shut down most operations and would be unable to adequately provide public safety protection. Almost eight hundred (800) employees, 59% of the city's workforce, would be laid off over a two year period causing the highest levels of unemployment in the city since USX had its massive layoffs in the late 1970's and early 1980's. Included in this layoff number would be over 250 policemen and firemen.

Therefore, the City seeks legislative relief from the onerous provisions of I.C. 6-1.1-20.6. In order to comply with the requirements of this law as they are currently promulgated, however, the City hereby supplies the Distressed Unit Appeal Board with a financial plan covering a four (4) year period as a phase-in of the tax caps established in the law. This plan is submitted with the understanding that as long as the entirety of these cuts is required, whether in totality by 2010 or phased in by 2012, the City of Gary faces fiscal devastation that will affect not only its residents, but surrounding communities and the state as well.



## **Gary's Recent Financial History**

The impact of I.C. 6-1.1-20.6 upon the City of Gary should be examined against the backdrop of its most recent fiscal history. Over the past four years, the City has reduced its budget on practically a yearly basis. The greatest reduction in our tax levy, prior to the cuts being proposed herein, was in 2004. That year, the city cut its budget by \$13 million and laid off 140 employees. In 2007, the city cuts its budget by \$11 million by substantially reducing operating expenses, including cell phone costs, gasoline consumption, travel, supplies and professional services. Vacant positions were eliminated from the budget, reductions in public safety overtime were made and a portion of the City's PERF payment was made the responsibility of civilian employees. This year, because of shortfalls in tax collections, the city cut its budget by \$12.5 million. Civilian employees were reduced to a four day work week, which resulted in a 20% reduction in pay, for four months. Already reduced operational budget line items were decreased by an additional fifty (50) percent. A total of 23 policemen and firemen were temporarily laid off, the first time public safety personnel had been laid off in the city's history.

Each year, Gary has been faced with a series of budget challenges which have led to reductions in the dollars available to provide city services. Much like the magician that pulls a rabbit out of a hat, with economies and much ingenuity, basic city services have been maintained. But with the advent of this latest legislation, those services, particularly public safety, are in jeopardy.

### **Consequences of Immediate Implementation of I.C. 6-1.1-20.6**

At its highest level, Gary's police and fire forces were well over 300 persons each. Even in the face of rising crime, however, those numbers have been gradually reduced due to declines in funding. With the reduction in tax funds anticipated under the implementation of the tax credits under I.C. 6-1.1-20.6, more layoffs in the public safety area can be anticipated and vacancies will not be filled. When this occurs, not only will there be an impact on the health and welfare of Gary's citizenry, its economic development potential will be negatively affected as well. In truth, Gary will find itself between the proverbial rock and a hard place. Economic development will spur growth in the city's tax base thereby providing increased tax revenues needed to replace those being eliminated by I.C. 6-1.1-20.6. But economic development, complicated even under current circumstances, will become even more difficult if there is a belief that Gary's police and fire departments are undermanned. Gary could well find itself with the

kind of budget that it had in the early 1990's but faced with 2008 costs – for the citizens of Gary a dismal picture indeed.

In order to meet the reduction requirements of I.C. 6-1.1-20.6, Gary would need an infusion of funds from the passage of a local option income tax of at least \$10 million. Without these dollars, and if still faced with the need to make budget cuts, operation of the city would essentially cease. Cuts at this level would mean:

- A 150 member police force. We are currently budgeted for 277 policemen. While there are no national standards dictating the number of policemen that should man cities by size or circumstance, some cities have adopted a ratio of 1.7 policemen to every 1,000 residents. Using this formula, and based on census numbers from 2000 which indicate that Gary's population was 102,000, a minimum of 173 policemen would be needed in Gary. If Gary's crime rate is factored into this equation, the required level of police officers would rise to at least 190.
- A 151 member firefighter force. We are currently budgeted for 279 firefighters. Like the police area, there are no



national standards for determining the number of firemen per resident there should be in a city. The National Fire Protection Association, however, has set a minimum standard for response times. Based upon these standards we believe that we need a firefighter force of at least 180 persons given our city's size and the density of our population.

- The elimination of the Gary City Court with cases transferred to the county court system.
- A severe downsizing of the Gary City Clerk's Office with files transferred to the county clerk system.
- The elimination of the Gary City Jail with prisoners transferred to Lake County Jail.
- The elimination of the Gary Health Department with services transferred to the Lake County Health Department.
- The elimination of a total of 14 departments.
- The elimination of virtually all funding for the Gary park system. Unless the park properties could be sold, or the system could be privatized, all parks would be closed.

- The elimination of virtually all funding for the Genesis Convention Center.
- There would be 31 employees to care for 50 square miles of streets and roads in the city. This would be a reduction of over half of that employee roster now.
- Transfer communication operators (radio dispatchers) to a centralized 911 Center at Lake County that is currently in the planning stages.

Overall, almost 800 employees would be laid off from the city from all areas, including public safety leaving behind a fragmented workforce of approximately 550 employees including firemen and policemen. The effect of a layoff of this magnitude on the city's economy would be devastating.

### **City's Four Year Budget Plan**

As an alternative course of action, Gary seeks to make incremental downward adjustments in its tax levy. In 2009, the city is proposing to cut \$8 million from its tax levy. In determining what areas could be reduced and when, we considered among other things:

- The high priority of public safety;

- Whether other units of government are required by law to offer the same service;
- What services the City of Gary is required to offer under the law;
- What services could be consolidated;
- What services could be outsourced at cost representing a reduction from current spending levels; and
- What services could be offered for a reasonable fee to the public.

Accordingly, the \$8 million dollar cut will result in the following changes in Gary government.

- The Sanitary Department of the City of Gary will be outsourced. A total of 47 employees will be removed from Gary's General Fund budget as a result of this move. All street department employees are being moved from the city's General Fund to the Motor Vehicle Highway Fund.
- A garbage collection fee will be charged to Gary residents to cover the cost of collection and disposal. This will bring Gary in line with trends occurring in other communities regarding garbage collection.

- The Gary City Jail will be closed and prisoners will be transferred to Lake County Jail. A total of 12 employees will be removed from Gary's General Fund budget as a result of this move.
- The cost of providing fire hydrants for fire protection services will be passed to the Gary customer base of Indiana American Water Company instead of being paid for by the City of Gary. This change will result in \$1.1 million in savings.
- The Health and Community Services Departments will be consolidated and staff will be reduced.
- The Public Information Office and the Chief of Staff's Office will be consolidated and staff will be reduced.
- The Park Department is halving its tax levy to approximately \$1.2 million from \$2.4 million. Ninety-seven seasonal positions are being eliminated from that department's budget. Also, six of 12 park pavilions will be closed and six of eight swimming pools will be closed in the summer.
- Employees are being transferred to grants where allowable and appropriate.



- Eleven (11) vacant patrolmen positions and one (1) area commander position are being eliminated in the Police Department.
- Twenty-one (21) vacant firefighter positions are being eliminated in the Fire Department.
- Twenty-six (26) additional staff members from other departments are being eliminated bringing the total of filled positions being eliminated to 85 and the total number of positions eliminated in 2009 to 148.

Other measures are being taken to reduce operating costs for which there is not now a definitive dollar figure in savings but for which a savings is anticipated. The City is participating in a Fuel Hedging Program which will reduce the cost of gasoline and diesel fuel substantially. The program, sponsored by IACT, is designed to lock in gasoline and diesel fuel prices at a lower price even while prices escalate. We anticipate saving at least \$300,000.00 in fuel costs in 2009. Also, the City will enter into contract discussions with the policemen and firemen to obtain concessions on items covered by their respective collective bargaining

agreements. The savings that could be obtained would be substantial but it is too early to tell how profitable such discussions will be.

Revenues are being increased through increased fees for most city services, including ambulance fees and general business licenses. Better collection of ambulance fees is anticipated with the engagement of a new EMS billing service.

In 2010 and 2011 respectively, the city is proposing to cut \$6 million from its tax levy for a total of \$12 million over the two years. During those two years, the following changes will occur in Gary's government. These cuts are being proposed, not because it is believed that these services should be abolished , but, rather, that in order to make the required reduction, services, including essential services and personnel, will have to be eliminated.

- Elimination of Gary City Court. The functions of this department would be transferred to the county. While this elimination would take place in 2011, the ordinance permitting the abolition of the court would be passed in 2010 according to state law.
- Reduction of staffing for the Gary City Clerk. There are currently 42 staff persons in this department. With the

elimination of the City Court, the staffing levels for the Clerk's office could be reduced to a maximum of ten (10) people since by law, the Clerk would then handle only the business of the Gary Common Council.

- Eliminate the grants and subsidies line item in both the Mayor's Office and the Office of the Gary Common Council.
- Pool the travel budgets for all elected officials and reduce that budget line item.
- Consolidate the Building and Planning Departments, reducing administrative staff and eliminating one department head.
- Transfer the Health Department to the county. A city Community Health Services Department would remain funded only by grants.
- Eliminate the Civil Defense Department. Select a representative from the Police Department to become the city's representative for emergency management matters.
- Consolidate the General Services and In-House Demolition Departments by reducing and cross training staff.

- Move the new Community Health Services Department to Gary City Hall and close the health department building saving maintenance and utility costs.
- Eliminate MIS Department; place Director on contract.
- Eliminate Environmental Affairs Department
- Eliminate all Maintenance II and Park Maintenance positions. Contract out park maintenance services.
- Transfer communication operators (radio dispatchers) to a centralized county operated 911 Center in 2011. Such a facility is currently in the planning stages.
- Eliminate eight (8) patrolmen positions in the Police Department in 2010 and thirty-five (35) positions in 2011.
- Eliminate ten (10) firefighter positions in the Fire Department in 2010 and thirty-five (35) positions in 2011.

The year 2012 would see many of the cuts outlined at the beginning of this narrative.



## **Conclusion**

The City of Gary has attempted to present a plan that complies with the requirements of the law. It is our best effort at re-structuring city government with an eye toward consolidation and economies of service, and elimination of excessive spending while preserving essential services. Alas, the plan spells doom to Gary residents. Most will not be able to understand why firemen will be slow to respond to fires or why their calls for police help are delayed or go unanswered. Most will be unable to understand why the emergency services department took longer than usual to respond to a medical emergency. Most will be unable to understand why that pothole took so long to be fixed or why it is still there after six months. Need to go to the health department? Sorry. Our department is closed and our bus system that could have gotten you to the county just shut down, too. Or maybe most may just decide to leave. Are other areas prepared for the influx of new citizens? This is just one of the unanswered questions – and impacts – of I.C. 6-1.1-20.6. The City requests that the Distressed Unit Appeal Board do just what it was established to do – provide relief. And we ask for that relief sooner rather than later.

**HEA 1001 Model - Lake**  
**Circuit Breaker Distribution By Fund**  
**Base Line**

Unit Name	Fund Name	Type	Unit	Fund	2008		2009			2010				
					1.5%	Total	1.5%	2.5%	3.5%	Total	1%	2%	3%	Total
GARY CIVIL CITY	GEN	3	0101	0101	1,019,342	1,019,342	1,213,715	7,727,699	17,452,839	26,394,252	2,989,199	8,606,540	20,052,291	31,648,030
GARY CIVIL CITY	FIRE PENSION	3	0101	0341	39,864	39,864	50,598	322,160	727,590	1,100,348	124,615	358,792	835,946	1,319,352
GARY CIVIL CITY	POLICE PENSION	3	0101	0342	27,737	27,737	35,169	223,919	505,715	764,803	86,657	249,505	581,319	917,481
GARY CIVIL CITY	CIVIC CENTER	3	0101	1001	30,123	30,123	38,181	243,095	549,024	830,299	94,058	270,812	630,963	995,833
GARY CIVIL CITY	PARK & RECREATION	3	0101	1301	32,040	32,040	40,636	258,731	584,338	883,705	100,026	287,996	670,999	1,059,020
GARY CIVIL CITY	CUM CAPITAL DEVELOPMENT	3	0101	2391	12,049	12,049	15,291	97,356	219,876	332,523	37,599	108,256	252,225	398,080
	Subtotal				1,161,156	1,161,156	1,393,589	8,872,958	20,039,383	30,305,930	3,432,154	9,881,901	23,023,743	36,337,798
GARY PUBLIC LIBRARY	GEN	5	0125	0101	117,137	117,137	152,928	913,800	2,124,867	3,191,595	371,609	1,016,685	2,439,718	3,828,012
	Subtotal				117,137	117,137	152,928	913,800	2,124,867	3,191,595	371,609	1,016,685	2,439,718	3,828,012
GARY SANITARY	SPECL SANITARY GEN	6	0809	8201	69,292	69,292	88,408	563,236	1,271,284	1,922,928	217,734	627,444	1,464,852	2,310,030
GARY SANITARY	SPECL SANITATION (SOLID) GEN	6	0809	8208	68,235	68,235	87,018	554,380	1,251,295	1,892,694	214,392	617,812	1,442,366	2,274,569
GARY SANITARY	SPECL SANITARY DEBT SERVICE	6	0809	8280	-	-	-	-	-	-	-	-	-	-
	Subtotal				137,527	137,527	175,427	1,117,616	2,522,580	3,815,622	432,125	1,245,256	2,907,218	4,584,600
GARY AIRPORT	SPECL AIRPORT GEN	6	0813	8101	24,333	24,333	30,860	196,482	443,750	671,092	75,915	218,574	509,254	803,743
GARY AIRPORT	SPECL AIRPORT CUML BLDG	6	0813	8190	3,990	3,990	5,097	32,452	73,292	110,841	12,533	36,085	84,075	132,693
	Subtotal				28,324	28,324	35,956	228,934	517,042	781,932	88,448	254,660	593,329	936,437
GARY REDEVELOPMENT	SPECL REDEV GEN	6	0814	8401	4,460	4,460	5,653	35,992	81,288	122,933	13,965	40,209	93,684	147,858
	Subtotal				4,460	4,460	5,653	35,992	81,288	122,933	13,965	40,209	93,684	147,858
GARY PUBLIC TRANSPORTATION	SPECL TRANSPORTATION GEN	6	0816	8001	43,659	43,659	55,371	352,546	796,218	1,204,136	136,432	392,815	915,217	1,444,463
GARY PUBLIC TRANSPORTATION	SPECL TRANSPORTATION DEBT	6	0816	8080	-	-	-	-	-	-	-	-	-	-
	Subtotal				43,659	43,659	55,371	352,546	796,218	1,204,136	136,432	392,815	915,217	1,444,463
GARY STORM WATER MANAGEMENT	STORM SEWER	6	1100	0907	18,856	18,856	23,909	152,229	343,806	519,945	58,846	169,430	394,752	623,028
	Subtotal				18,856	18,856	23,909	152,229	343,806	519,945	58,846	169,430	394,752	623,028
GARY COMMUNITY SCHOOL CORPORATION	PRE-SCHL SPECL ED	4	4690	0060	903	903	-	-	-	-	-	-	-	-
GARY COMMUNITY SCHOOL CORPORATION	GEN	4	4690	0101	444,269	444,269	-	-	-	-	-	-	-	-
GARY COMMUNITY SCHOOL CORPORATION	DEBT SERVICE	4	4690	0180	-	-	-	-	-	-	-	-	-	-
GARY COMMUNITY SCHOOL CORPORATION	CAPITAL PROJECTS (SCHL)	4	4690	1214	205,366	205,366	284,252	1,698,505	3,949,550	5,932,308	732,140	2,003,064	4,806,712	7,541,916
GARY COMMUNITY SCHOOL CORPORATION	TRANSPORTATION	4	4690	6301	171,452	171,452	232,787	1,390,982	3,234,463	4,858,232	590,003	1,614,191	3,873,541	6,077,735
	Subtotal				821,990	821,990	517,039	3,089,487	7,184,014	10,790,540	1,322,143	3,617,255	8,680,253	13,619,651
Grand Total					2,333,110	2,333,110	2,359,873	14,763,562	33,609,197	50,732,632	5,855,722	16,618,211	39,047,914	61,521,847

**CITY OF GARY  
PURPOSED LEVY REDUCTIONS  
PURSUANT TO HB 1001**

LEVIES	GENERAL FUND	PARKS FUND	GENESIS CTR FUND	TOTAL BY YEAR
2009	\$ 54,580,649.00	\$ 1,697,137.00	\$ 1,598,251.00	\$ 57,876,037.00
2010	\$ 48,486,821.00	\$ 1,433,223.00	\$ 1,338,943.00	\$ 51,258,987.00
2011	\$ 44,438,064.00	\$ 1,144,298.00	\$ 1,079,023.00	\$ 46,661,385.00
2012	\$ 30,037,454.00	\$ -	\$ -	\$ 30,037,454.00
<b>TOTAL LEVIES</b>	<b>\$ 177,542,988.00</b>	<b>\$ 4,274,658.00</b>	<b>\$ 4,016,217.00</b>	<b>\$ 185,833,863.00</b>

BUDGETS	GENERAL FUND	PARKS FUND	GENESIS CTR FUND	TOTAL BY YEAR
2009	\$ 63,316,348.00	\$ 1,343,698.00	\$ 1,264,451.00	\$ 65,924,497.00
2010	\$ 54,734,180.00	\$ 1,235,719.00	\$ 1,173,482.00	\$ 57,143,381.00
2011	\$ 48,580,841.00	\$ 927,991.00	\$ 1,091,482.00	\$ 50,600,314.00
2012	\$ 47,650,750.00	\$ -	\$ -	\$ 47,650,750.00
<b>TOTAL BUDGETS</b>	<b>\$ 214,282,119.00</b>	<b>\$ 3,507,408.00</b>	<b>\$ 3,529,415.00</b>	<b>\$ 221,318,942.00</b>

### LEVY FOR EACH YEAR

FUND	2007	2009	2010	2011	2012
GENERAL	\$ 62,591,178.00	\$ 54,580,649.00	\$ 48,486,821.00	\$ 44,436,064.00	\$ 30,037,454.00
GENESIS	\$ 1,849,160.00	\$ 1,598,251.00	\$ 1,338,943.00	\$ 1,079,023.00	\$ -
PARKS	\$ 1,966,311.00	\$ 1,697,137.00	\$ 1,433,223.00	\$ 1,144,298.00	\$ -
<b>TOTALS</b>	<b>\$ 66,406,649.00</b>	<b>\$ 57,876,037.00</b>	<b>\$ 51,258,987.00</b>	<b>\$ 46,659,385.00</b>	<b>\$ 30,037,454.00</b>

### AMOUNT OF LEVY REDUCTION

AMOUNT TO REDUCE	TOTAL	DIV BY 4	2009	2010	2011	2012
GENERAL	\$ 31,537,968.00	\$ 7,884,492.00	\$ 8,010,529.00	\$ 6,093,828.00	\$ 4,048,757.00	\$ 14,400,610.00
GENESIS	\$ 1,033,838.00	\$ 258,459.50	\$ 250,909.00	\$ 259,308.00	\$ 259,920.00	\$ 1,079,123.00
PARKS	\$ 1,067,482.00	\$ 266,870.50	\$ 269,174.00	\$ 263,914.00	\$ 288,925.00	\$ 1,144,298.00
<b>TOTALS</b>	<b>\$ 33,639,288.00</b>	<b>\$ 8,409,822.00</b>	<b>\$ 8,530,612.00</b>	<b>\$ 6,617,050.00</b>	<b>\$ 4,597,602.00</b>	<b>\$ 16,624,031.00</b>
TOTAL REDUCTION FOR CIVIL CITY						<b>\$ 36,369,295.00</b>
TOTAL REQUIRED HB1001 REDUCTION						<b>\$ 36,337,798.00</b>

## CITY OF GARY

Shortfall Appeal Calculation  
Budget Year 2007

<u>Funds</u>	Certified	Actual	Circuit	<u>Difference</u>	<u>Rate</u>	Advertised	<u>Requested</u>
	<u>Levy</u>	<u>Collections</u>	<u>Breaker</u>			Excess <u>Levy</u>	
General	\$ 62,591,178	\$ 54,101,082	\$ 1,051,229	\$ 7,438,867	\$ 2.7248	\$ 4,391,000	\$ 4,391,000
Fire Pension	2,448,701	2,116,550	41,126	291,025	0.1066	\$ -	-
Police Pension	1,702,146	1,471,260	28,588	202,298	0.0741	0	-
Civic Center	1,849,160	1,598,333	31,057	219,770	0.0805	0	-
Park & Recreation	1,966,311	1,699,594	33,025	233,692	0.0856	0	-
Totals	\$ 70,557,496	\$ 60,986,819	\$ 1,185,025	\$ 8,385,652	\$ 3.0716	\$ 4,391,000	\$ 4,391,000

<u>District Number</u>	<u>Errors</u>	<u>Refunds</u>	<u>Total</u>	District <u>Rate</u>	Unit's <u>Rate</u>	% of <u>Rate</u>	Unit's <u>Portion</u>
003 - Calumet Gary	\$ 491,934	\$ 65,743	\$ 557,677	\$ 7.8996	\$ 3.0716	\$ 0.3888	\$ 216,841
004 - Gary Calumet	7,650,652	3,138,261	10,788,913	7.9564	3.0716	0.3861	4,165,103
017 - Gary Hobart Township	19,155	-	19,155	6.3353	3.0716	0.4848	9,287
Totals	\$ 8,161,741	\$ 3,204,004	\$ 11,365,745				\$ 4,391,231



## GARY SANITARY DISTRICT

Shortfall Appeal Calculation  
Budget Year 2007

<u>Funds</u>	Certified	Actual	Circuit			Advertised	
	<u>Levy</u>	<u>Collections</u>	<u>Breaker</u>	<u>Difference</u>	<u>Rate</u>	<u>Excess</u>	<u>Requested</u>
Sewer Operating	\$ 4,510,894	\$ 3,907,955	\$ 2,382	\$ 600,557	\$ 0.1853	\$ 265,000	\$ 265,000
Solid Waste Disposal	4,440,297	3,846,794	2,345	591,158	0.1824	265,000	265,000
Totals	<u>\$ 8,951,191</u>	<u>\$ 7,754,749</u>	<u>\$ 4,727</u>	<u>\$ 1,191,715</u>	<u>\$ 0.3677</u>	<u>\$ 530,000</u>	<u>\$ 530,000</u>

<u>District Number</u>	<u>Errors</u>	<u>Refunds</u>	<u>Total</u>	<u>District</u> <u>Rate</u>	<u>Unit's</u> <u>Rate</u>	<u>% of</u> <u>Rate</u>	<u>Unit's</u> <u>Portion</u>
002 - Calumet Gary Sanitary	\$ 1,118	\$ -	\$ 1,118	\$ 5.2510	\$ 0.3677	\$ 0.0700	\$ 78
003 - Calumet Gary	491,934	65,743	557,677	7.8996	0.3677	0.0465	25,958
004 - Gary Calumet	7,650,652	3,138,262	10,788,914	7.9564	0.3677	0.0462	498,603
017 - Gary Hobart Township	19,155	-	19,155	6.3353	0.3677	0.0580	1,112
019 - Hobart Gary Sanitary	-	-	-	4.2658	0.3677	0.0862	-
031 - Merrillville Gary Sanitary	5,347	6,606	11,953	3.8674	0.3677	0.0951	1,136
Totals	<u>\$ 8,168,206</u>	<u>\$ 3,210,611</u>	<u>\$ 11,378,817</u>				<u>\$ 526,887</u>

## GARY STORM WATER MANAGEMENT DISTRICT

Shortfall Appeal Calculation  
Budget Year 2007

<u>Funds</u>	Certified	Actual	Circuit	<u>Difference</u>	<u>Rate</u>	Advertised	<u>Requested</u>
	<u>Levy</u>	<u>Collections</u>	<u>Breaker</u>			Excess <u>Levy</u>	
Storm Water	\$ 1,157,735	\$ 1,000,695	\$ 643	\$ 156,397	\$ 0.0504	\$ 75,000	\$ 75,000
Totals	\$ 1,157,735	\$ 1,000,695	\$ 643	\$ 156,397	\$ 0.0504	\$ 75,000	\$ 75,000

<u>District Number</u>	<u>Errors</u>	<u>Refunds</u>	<u>Total</u>	<u>District Rate</u>	<u>Unit's Rate</u>	<u>% of Rate</u>	<u>Unit's Portion</u>
003 - Calumet Gary	\$ 491,934	\$ 65,743	\$ 557,677	\$ 7.8996	\$ 0.0504	\$ 0.0064	\$ 3,558
004 - Gary Calumet	7,650,652	3,138,261	10,788,913	7.9564	0.0504	0.0063	68,343
017 - Gary Hobart Township	19,155	-	19,155	6.3353	0.0504	0.0080	152
Totals	\$ 8,161,741	\$ 3,204,004	\$ 11,365,745				\$ 72,053

## GARY/CHICAGO INTERNATIONAL AIRPORT

Shortfall Appeal Calculation  
Budget Year 2007

<u>Funds</u>	Certified	Actual	Circuit	<u>Difference</u>	<u>Rate</u>	Advertised	<u>Requested</u>
	<u>Levy</u>	<u>Collections</u>	<u>Breaker</u>			Excess <u>Levy</u>	
General	\$ 1,493,110	\$ 1,290,579	\$ 829	\$ 201,702	\$ 0.0650	\$ 100,000	\$ 100,000
Totals	\$ 1,493,110	\$ 1,290,579	\$ 829	\$ 201,702	\$ 0.0650	\$ 100,000	\$ 100,000

<u>District Number</u>	<u>Errors</u>	<u>Refunds</u>	<u>Total</u>	<u>District Rate</u>	<u>Unit's Rate</u>	<u>% of Rate</u>	<u>Unit's Portion</u>
003 - Calumet Gary	\$ 491,934	\$ 65,743	\$ 557,677	\$ 7.8996	\$ 0.0650	\$ 0.0082	\$ 4,589
004 - Gary Calumet	7,650,652	3,138,261	10,788,913	7.9564	0.0650	0.0082	88,140
017 - Gary Hobart Township	19,155	-	19,155	6.3353	0.0650	0.0103	197
Totals	\$ 8,161,741	\$ 3,204,004	\$ 11,365,745				\$ 92,926

STATE OF INDIANA  
DISTRESSED UNIT APPEALS BOARD

IN THE MATTER OF THE CITY OF GARY,  
FOR APPROVAL TO APPEAL THE DISTRESSED  
UNIT APPEALS BOARD TO ADJUST THE  
THE CIRCUIT BREAKER CAPS ON PROPERTY  
TAX BILLS AND FOR APPROVAL OF THE  
PROPOSED FINANCIAL PLAN

)  
)  
)  
)  
)  
)

PETITION

The Petitioner, the City of Gary, Indiana (the "City"), respectfully requests to petition the Distressed Unit Appeals Board to request adjustment to the circuit breaker caps imposed by I.C. 6-1.1-20.3-6. The City, pursuant to the procedures provided in IC 6-1.1-20.3-6, files this Petition for relief and alleges that:

1. This Petition has been duly authorized by resolution of the Common Council of the City of Gary, a copy of which is attached.
2. The Resolution adopted by the City of Gary Common Council authorizes an appeal because the City expects to have its property tax collections reduced by at least five percent (5%) in calendar year 2009 and subsequent years as a result of the application of the circuit breaker caps imposed by I.C. 6-1.1-20.3-6.
3. The Mayor of the City of Gary and the Controller of the City of Gary has determined that the City cannot carry out its governmental functions under the full application of the circuit breaker caps imposed by I.C. 6-1.1-20.3-6 due to the significant projected loss of property tax revenues.

Now, therefore, the Petitioner respectfully requests that the Distressed Unit Appeals Board to issue an Order to raise the circuit breaker caps and to approve the financial plan for the City of Gary for 2009 and the subsequent years.

Dated this \_\_\_\_<sup>th</sup> day of December 2008.

CITY OF GARY

By: \_\_\_\_\_

City Controller

*Mary Celita Green*



RESOLUTION NO. 2008-10  
RESOLUTION NO. 2916  
AS AMENDED:  
CERTIFICATION DATE:  
CERTIFIED BY:  
FAVORABLY  
UNFAVORABLY

**A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF GARY  
APPROVING THE PETITION TO THE DISTRESS  
UNIT APPEALS BOARD FOR RELIEF FROM THE  
CIRCUIT BREAKER CREDIT FOR CALENDAR YEAR 2009**

**WHEREAS**, I.C. 6-1.1-20.3-2 entitled Distressed Political Subdivision Defined, states that a Distressed Political Subdivision means a political subdivision that expects to have the Political Subdivision's property tax collections reduced by at least five percent (5%) in a calendar year as a result of the application of the credit under I.C. 6-1.1-20.6;

**WHEREAS**, the City of Gary is a distressed governmental unit within the meaning of I.C. 6-1.1-20.6;

**WHEREAS**, I.C. 1.1-20.3-6 provides that a distress unit may petition the Distress Unit Appeals Board for relief;

**WHEREAS**, the Petition must include a proposed financial plan for the distressed political subdivision;

**WHEREAS**, among other things, the Petition for relief must be approved by a fiscal body of the governmental unit;

**WHEREAS**, the Common Council is the fiscal body of the City of Gary, Lake County, Indiana;

**WHEREAS**, the Petition for the City of Gary, which includes its financial plan for relief, has been presented to the Common Council of the City of Gary;

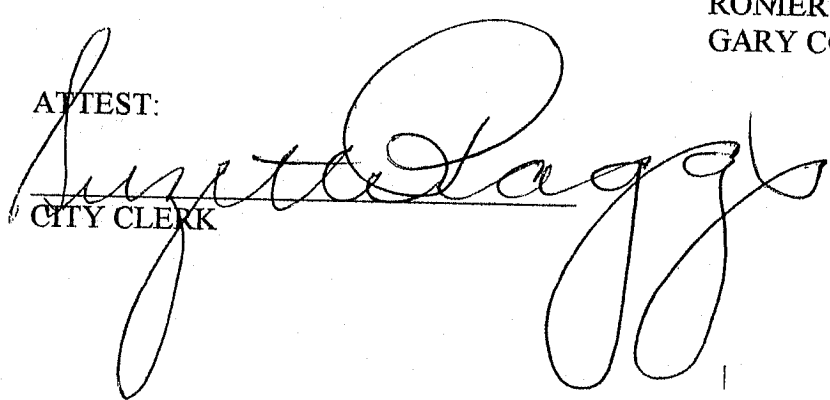
**NOW THEREFORE BE IT RESOLVED**, that the Common Council of the City of Gary has reviewed the Petition along with its proposed budgetary plan and hereby approves the same;

**BE IT FURTHER RESOLVED** that this Resolution shall be recorded in the records of the Clerk's office in the City of Gary, Lake County, Indiana;

2<sup>nd</sup> **PASSED and ADOPTED** by the Common Council of the City of Gary, Indiana this day of December, 2008.

  
RONIER SCOTT, PRESIDENT  
GARY COMMON COUNCIL

ATTEST:

  
CITY CLERK

Presented by me to the Mayor for his approval and signature this 3rd day of December, 2008.

APPROVED and SIGNED by me this 3rd day of December, 2008.

MAYOR, CITY OF GARY, INDIANA

SPONSORED BY: Celita Green, City Controller

PREPARED BY: Attorney Gilbert King, Jr.

COMMITTEE ASSIGNMENT	<u>FINANCE</u>	Reported-out/Date	<u>12-2-08</u>
1st Reading/Date	<u>12-2-08</u>	Committee Hearing/Date	
2nd Reading/Date	<u>12-2-08</u>	Public Hearing/Date	<u>12-2-08</u>
3rd Reading/Date	<u>12-2-08</u>	Final Reading/Date	<u>12-2-08</u>
Passed/Date	<u>12-2-08</u>	Defeated/Date	
Tabled/Date		Override/Date	
Publication/Date		Adopted/Date	
		Community Hearing/Date	
Veto		Pocket Veto	
		Adopted	

BUDGET ESTIMATE - FINANCIAL STATEMENT - PROPOSED TAX RATE

0504 2012 45 3 0101 0341  
ID YEAR CO TYPE KEY FUND

TAXING UNIT CITY OF GARY

COUNTY LAKE

FUND GENESIS CIVIC CENTER - 268

NET ASSESSED VALUATION

2,529,067,407

(This form is to be prepared for each fund that requires wither a tax rate or an appropriation)  
(NOT TO BE PUBLISHED)

FUNDS REQUIRED FOR EXPENSES TO DECEMBER 31ST OF INCOMING YEAR	AMOUNT USED TO COMPUTE PUBLISHED		CONTROL BOARD AND	
	BUDGET	APPROPRIATING BODY	TAX ADJUSTMENT BOARD	DLGF FINAL ACTION
1. Total budget estimate for incoming year	0			
2. Necessary expenditures, July 1 to December 31 of present year, to be made from appropriation unexpended.	545,741			
3. Additional appropriation to be made July 1 to December 31 of present year.	0			
4. Outstanding temporary loans				
a. To be paid not included in lines 2 or 3	863,218			
b. Not repaid by December 31 of present year	0			
5. TOTAL FUNDS REQUIRED (add lines 1, 2, 3, 4a, 4b)	1,408,959			
FUNDS ON HAND TO BE RECEIVED FROM SOURCES OTHER THAN PROPOSED TAX LEVY:				
6. Actual cash balance, June 30 present year (including cash investments)	329,936			
7. Taxes to be collected, present year (December settlement)	1,079,023			
8. Miscellaneous revenue to be received July 1 of present year to December 31 of incoming year				
(Schedule on File): a. Total Column A Budget Form 2	0			
b. Total Column B Budget Form 2	0			
9. TOTAL FUNDS (Add lines 6, 7, 8a, and 8b)	1,408,959			
10. Net amount to be raised for expenses to December 31 of incoming year (deduct line 9 from 5)	0			
11. Operating balance (not in excess of expense January 1 to June 30, less miscellaneous revenue for same period.	0			
12. Amount to be raised by tax levy (add lines 10 and 11)	0			
13. Property Tax Replacement Credit from Local Option Tax	0			
14. NET AMOUNT TO BE RAISED BY TAX LEVY (deduct line 13 from line 12)	0			
15. Levy Excess Fund applied to current budget	0			
16. Net amount to be raised	0	1079023	-1,079,023	
17. Net Tax Rate on each one hundred dollars of taxable property	0.0000			

**CITY OF GARY  
PROPOSED LEVY REDUCTIONS  
PURSUANT TO HB 1001**

LEVIES	GENERAL FUND	PARKS FUND	GENESIS CTR FUND	TOTAL BY YEAR
2009	\$ 54,580,649.00	\$ 1,697,137.00	\$ 1,598,251.00	\$ 57,876,037.00
2010	\$ 48,486,821.00	\$ 1,433,223.00	\$ 1,338,943.00	\$ 51,258,987.00
2011	\$ 44,438,064.00	\$ 1,144,298.00	\$ 1,079,023.00	\$ 46,661,385.00
2012	\$ 30,037,454.00	\$ -	\$ -	\$ 30,037,454.00
<b>TOTAL LEVIES</b>	<b>\$ 177,542,988.00</b>	<b>\$ 4,274,658.00</b>	<b>\$ 4,016,217.00</b>	<b>\$ 185,833,863.00</b>

BUDGETS	GENERAL FUND	PARKS FUND	GENESIS CTR FUND	TOTAL BY YEAR
2009	\$ 63,316,348.00	\$ 1,343,698.00	\$ 1,264,451.00	\$ 65,924,497.00
2010	\$ 54,734,180.00	\$ 1,235,719.00	\$ 1,173,482.00	\$ 57,143,381.00
2011	\$ 48,580,841.00	\$ 927,991.00	\$ 1,091,482.00	\$ 50,600,314.00
2012	\$ 47,650,750.00	\$ -	\$ -	\$ 47,650,750.00
<b>TOTAL BUDGETS</b>	<b>\$ 214,282,119.00</b>	<b>\$ 3,507,408.00</b>	<b>\$ 3,529,415.00</b>	<b>\$ 221,318,942.00</b>

**LEVY FOR EACH YEAR**

FUND	2007	2009	2010	2011	2012
GENERAL	\$ 62,591,178.00	\$ 54,580,649.00	\$ 48,486,821.00	\$ 44,436,064.00	\$ 30,037,454.00
GENESIS	\$ 1,849,160.00	\$ 1,598,251.00	\$ 1,338,943.00	\$ 1,079,023.00	\$ -
PARKS	\$ 1,966,311.00	\$ 1,697,137.00	\$ 1,433,223.00	\$ 1,144,298.00	\$ -
<b>TOTALS</b>	<b>\$ 66,406,649.00</b>	<b>\$ 57,876,037.00</b>	<b>\$ 51,258,987.00</b>	<b>\$ 46,659,385.00</b>	<b>\$ 30,037,454.00</b>

**AMOUNT OF LEVY REDUCTION**

AMOUNT TO REDUCE	TOTAL	DIV BY 4	2009	2010	2011	2012
GENERAL	\$ 31,537,968.00	\$ 7,884,492.00	\$ 8,010,529.00	\$ 6,093,828.00	\$ 4,048,757.00	\$ 14,400,610.00
GENESIS	\$ 1,033,838.00	\$ 258,459.50	\$ 250,909.00	\$ 259,308.00	\$ 259,920.00	\$ 1,079,123.00
PARKS	\$ 1,067,482.00	\$ 266,870.50	\$ 269,174.00	\$ 263,914.00	\$ 288,925.00	\$ 1,144,298.00
<b>TOTALS</b>	<b>\$ 33,639,288.00</b>	<b>\$ 8,409,822.00</b>	<b>\$ 8,530,612.00</b>	<b>\$ 6,617,050.00</b>	<b>\$ 4,597,602.00</b>	<b>\$ 16,624,031.00</b>

TOTAL REDUCTION FOR CIVIL CITY	<b>\$ 36,369,295.00</b>
TOTAL REQUIRED HB1001 REDUCTION	<b>\$ 36,337,798.00</b>



CITY OF GARY SALARY BUDGET CHANGES FOR YEAR 2009

SUMMARY OF ALL DEPARTMENTS

DEPARTMENT	NO EMPLOYEE		NO EMPLOYEES	NO TRSF	NO.	BAL OF	COMMISSIONERS
	DEPT NO	CURRENT	ELIM		OUTSOURCED	EMPLOYEE	
MAYOR	10	6				6	
CITY COUNCIL	20	18	-2			16	
CITY COURT	30	61	-9			52	
CITY CLERK	40	42	-3			39	
LAW	50	4	-1			3	
MIS	80	4	-1			3	
PUBLIC WORKS	90	8	-2			6	
BUILDING	120	25	-6			19	6 COMMISSIONERS
PLANNING	130	18				18	14 COMMISSIONERS
HUMAN RELATION	160	5	9			14	9 COMMISSIONERS
HUMAN RESOURCES	170	8	-3			5	
LABOR RELATIONS	171	3				3	
STATUS OF WOMEN	190	15		-2		13	13 COMMISSIONERS
HEALTH DEPT(CONSOLIDATE)	200	20	2			22	7 COMMISSIONERS
ENVIRONMENTAL AFFAIRS	210	7		-4		3	
GENERAL SERVICES	220	90	-6	-11	-24	49	
IN-HOUSE DEMOLITION	226	9	-2			7	
POLICE COMMISSION	240	6				6	5 COMMISSIONERS
POLICE DEPARTMENT	250	267	-13			254	
SUPPORTIVE SERVICES	258	79	-17			62	
FIRE COMMISSION	280	7				7	6 COMMISSIONERS
FIRE DEPARTMENT	290	277	-21			256	
AMBULANCE SERVICES	300	60	-12			48	
CIVIL DEFENSE	310	1				1	
CITY OPERATIONS(CONSOLIDATE)	330	3	1			4	
COMMUNITY SERVICES(CONSOLIDATE)	350	5	-5			0	
PUBLIC INFORMATION	410	3	-3			0	
VEHICLE MAINTENANCE	430	17	-2			15	
FINANCE	600	15	-2			13	
SUBTOTAL	29	1,083	-98	-17	-24	944	0
PARKS		180	-106			74	
GENESIS CENTER		93	-47			46	
FUND TOTALS	31	1,356	-251	-17	-24	1,064	0

- CONSOLIDATED HEALTH DEPT AND COMMUNITY SERVICES
- ELIIMINATED STATUS OF WOMEN DEPT. (ONLY KEPT COMMISSIONERS)
- OUTSOURCED SANITATION SERVICES
- TRSF STREET EMPLOYEES FROM GEN SERVICES TO MOTOR VEHICLE HWY
- CONSOLIDATED PUBLIC INFORMATION AND CITY OPERATIONS
- TRANSFERRED JAIL SERVICES TO COUNTY
- DOWN-SIZED IN 17 OTHER DEPARTMENTS